

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6643**

**BILL NUMBER:** HB 1667

**DATE PREPARED:** Feb 22, 2001

**BILL AMENDED:** Feb 21, 2001

**SUBJECT:** Retiree Insurance Coverage.

**FISCAL ANALYST:** Jim Landers

**PHONE NUMBER:** 232-9853

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill provides that a member of the General Assembly may make a retirement fund investment selection or change a selection four times per year. The bill also provides that the valuation of the retirement fund of a member of the General Assembly who terminates service or dies must be done on the day of withdrawal.

The bill defines "public employer" or "employer" with respect to the legislative branch of state government for purposes of group insurance for public employees. The bill specifies that an employer may elect to permit former employees and eligible family members to continue participation in certain group health insurance benefits after the former employee or eligible family member becomes eligible for Medicare. The bill also specifies eligibility requirements for a former member of the General Assembly whose last day of service is after December 31, 2000.

The bill requires the State Department of Personnel to provide for at least two retiree health benefit plans for former employees who are eligible for Medicare coverage, one of which must include prescription drug coverage.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) The bill requires the Department to establish, or contract for the establishment of, at least two Medicare supplement insurance plans for retired state and legislative branch employees. While the Department currently administers the state employees health benefit plans, it does not administer an insurance program exclusively for state retirees. (Approximately 34,584 active state employees participate in the health plans administered by the Department. Also, 351 qualified state retirees participate in these plans.) Currently, there are approximately 9,900 retired state employees who are Medicare-eligible and would be eligible for Medicare supplement coverage. Additional administrative expenses will be covered under the Department's existing budget.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**